

Serial No.: 09/940,509
Docket No.: 40655.5800

REMARKS

Applicants hereby reply to the final Office Action dated January 12, 2005 within the shortened three month statutory period for reply. Claims 1-76 were pending in the application and the Examiner rejects claims 1-76. Support for the amendments may be found in the originally filed specification, claims, and figures. No new matter has been introduced by these amendments. Reconsideration of this application is respectfully requested.

Rejections under 35 U.S.C. §103(a)

The Examiner rejects claims 1-76 under 35 U.S.C. 103(a) as being unpatentable over King (U.S. Patent Number 6,148,293) in view of Sandretto (U.S. Patent Number 5,812,988). Specifically, the Examiner asserts that King discloses a method for enabling investors to participate in market activity and preserve principal. However, the Examiner states that King does not disclose the step of "allowing the purchaser to select a return-generating model from at least two different return generating models". The Examiner further asserts that this step is disclosed by Sandretto. Applicants respectfully traverse these rejections.

King discloses creating, servicing and paying loans between a lender and borrower. Specifically, King is limited to a method for implementing a long-term adjustable rate loan program to reduce risk to both lender and borrower through fund transfer into one or more investment accounts. The investment accounts provide security to the lender in that such funds assure payment of the principle and interest during the life of the funds. King further discloses readjusting the interest rate annually in relation to a minimum and maximum rate as agreed to by the borrower and lender as well as the current government rate and non-callable fixed rate investment securities. The above rates are used in calculating the interest rate for the load over the subsequent year.

King is limited to a method wherein a loan agreement between a lender and a borrower is maintained by providing assurance that the principle and interest during the term of the loan is secured by one or more investment accounts. King offers an investment instrument in the form of a loan which is secured by non-callable fixed rate investment securities. In other words, King is limited to the sale of an investment instrument in the form of a loan, wherein additional security is provided by an investment account. However, King does not disclose a method for the direct sale of an investment instrument representing participation in securities based upon a market index (e.g., S&P 500, NASDAQ, DOW), while guaranteeing the principle market

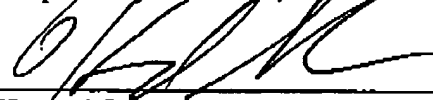
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investment. As such, King does not disclose or suggest "offering for sale, via a host computer, an investment instrument, wherein said investment instrument includes a face value, term and date of maturity" or "allowing, via said host computer, said purchaser of said investment instrument to select a return-generating model for said investment instrument from at least two different return-generating models, at least one of said return-generating models being based at least one of fully and partially on the activity of a market index at the end of at least one of said term and said date of maturity," (emphasis added) as similarly recited in independent claims 1, 23, 45 and 54.

All of the dependent claims variously depend from independent claims 1, 23, 45 and 54, so Applicants assert that the dependent claims are differentiated from the cited references for at least the reasons set forth above for differentiating the independent claims from the cited references, as well as in view of their own respective features.

In view of the above remarks and amendments, Applicants respectfully submit that all pending claims properly set forth that which Applicants regard as their invention and are allowable over the cited prior art. Accordingly, Applicants respectfully request allowance of the pending claims. The Examiner is invited to telephone the undersigned at the Examiner's convenience, if that would help further prosecution of the subject Application. Applicants authorize and respectfully request that any fees due be charged to Deposit Account No. 19-2814.

Respectfully submitted,


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